

## Message Text

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ORIGIN ARA-10

INFO OCT-01 EA-06 ISO-00 L-03 EB-07 COME-00 SEC-01 PRS-01

CIAE-00 INR-07 NSAE-00 SS-15 NSC-05 SP-02 JUSE-00

TRSE-00 SSO-00 NSCE-00 INRE-00 /058 R

DRAFTED BY ARA/BC:JEKARKASHIAN:BJD

APPROVED BY ARA:HARYAN

L/ARA:DGANTZ (DRAFT)

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O P 282115Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ IMMEDIATE

INFO AMEMBASSY TOKYO PRIORITY

C O N F I D E N T I A L STATE 124030

E.O. 11652:GDS

TAGS: PFOR, ENRG, EIND, BL

SUBJECT: GULF OIL

REFS: (A) STATE 121545; (B) STATE 121546

TOKYO FOR ASSISTANT SECRETARY ROGERS

1. BOLIVIAN AMBASSADOR CAPRILES CALLED ON COUNTRY DIRECTOR MAY 27 TO EXPRESS HIS CONTINUING CONCERN OVER DOMESTIC REPERCUSSIONS OF RECENT GULF STATEMENTS CONCERNING "POLITICAL CONTRIBUTIONS" MADE IN BOLIVIA BETWEEN 1966 AND 1969. CD TOOK THE OPPORTUNITY TO GIVE TO CAPRILES DEPARTMENT'S NOTE IN RESPONSE TO HIS MAY 8 NOTE REQUESTING USG ASSISTANCE IN OBTAINING FULL FACTS ON GULF "PAYMENTS". SUBSTANTIVE PORTIONS OF DEPARTMENT'S NOTE IDENTICAL TO TEXT TRANSMITTED REF A. CD ALSO TRANSMITTED ORALLY POINTS SET FORTH IN PARA 3 OF REF A.

2. CAPRILES REITERATED HIS DEEP CONCERN THAT THE GOB IS BEING FORCED INTO UNTENABLE POSITION BY GULF'S CONTINUED FAILURE AFTER THREE WEEKS TO PROVIDE NAMES OF RECIPIENTS  
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AND OTHER DETAILS OF "POLITICAL CONTRIBUTIONS". HE CHAR-

ACTERIZED SITUATION AS REPRESENTING A DANGEROUS EROSION OF POPULAR SUPPORT FOR THE BANZER GOVERNMENT WHICH IS UNDER GREAT PRESSURE TO TAKE DRAMATIC ACTION SUCH AS SUSPENSION OF COMPENSATION PAYMENTS TO GULF IN ORDER TO HALT ALLEGATIONS BY POLITICAL CRITICS OF GOVERNMENT COLLUSION WITH GULF.

3. CD ASSURED CAPRILES THAT DEPARTMENT FULLY APPRECIATES POLITICAL SENSITIVITY OF ISSUE IN BOLIVIA AND GOB'S URGENT NEED TO DEMONSTRATE PUBLICLY ITS INTENTION TO PROCEED AGAINST THOSE WHO MIGHT BE GUILTY OF HAVING ACTED ILLEGALLY. CD ADDED, HOWEVER, THAT HE HOPED ANY GOB ACTIONS WOULD ADHERE TO BOLIVIAN LEGAL PROCEDURES AND WOULD BE A MEASURED AND APPROPRIATE RESPONSE TO WHATEVER ILLEGAL ACTS MAY HAVE BEEN COMMITTED. HE NOTED THAT WHILE SUSPENSION OF COMPENSATION PAYMENTS MIGHT SILENCE DOMESTIC CRITICS OF GOB, IT WOULD NOT APPEAR TO BE AN APPROPRIATE RESPONSE TO "POLITICAL CONTRIBUTIONS" WHICH MAY OR MAY NOT HAVE BEEN IN VIOLATION OF BOLIVIAN LAW. CAPRILES SAID THAT WHILE HE UNDERSTOOD THIS ARGUMENT, "GREAT DAMAGE" HAD BEEN DONE BY GULF TO BOLIVIA'S INTERNATIONAL IMAGE AND BANZER GOVERNMENT'S PRESTIGE. CD SAID HE FULLY UNDERSTOOD CAPRILES' CONCERN IN THAT REGARD BUT BELIEVED THAT IF GULF'S PAST ACTIVITIES FELL WITHIN BOLIVIAN LAW GOVERNING LIBEL OR SOME OTHER APPROPRIATE STATUTE, THERE MUST BE ADEQUATE LEGAL PROCEDURES WHICH THE GOB COULD PURSUE. IN OTHER WORDS, LEGAL PROCEDURES OR SANCTIONS SHOULD FIT THE ALLEGED OFFENSE. AN OVER-REACTION BY THE GOB, HE NOTED, WHILE UNDERSTANDABLE IN DOMESTIC POLITICAL TERMS, MIGHT WELL INVOLVE A MORE SERIOUS PROBLEM BETWEEN THE TWO GOVERNMENTS.

4. CAPRILES RESPONDED THAT SITUATION WAS LIKE A GREEK TRAGEDY WITH THE TWO GOVERNMENTS HEADING TOWARD A RESULT DISAGREEABLE TO BOTH BUT WITH NO APPARENT WAY TO HALT THE DRIFT. HE SAID THE GOB COULD NOT SIT IDLY BY AND WAIT FOR MORE THAN THREE WEEKS FOR GULF TO SPECIFY ITS ALLEGATIONS. CAPRILES ASSERTED THAT NO BOLIVIAN BELIEVED THAT A COMPANY AS WELL ORGANIZED AS GULF COULD PUBLICLY STATE THAT SUCH PAYMENTS WERE MADE AND CONTINUE TO INSIST AFTER THREE WEEKS' LAPSE THAT IT STILL DID NOT HAVE THE DETAILS OF CONFIDENTIAL

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THOSE PAYMENTS. IF THAT IS THE CASE, CAPRILES ASSERTED, GULF'S ORIGINAL STATEMENT WAS "TOTALLY IRRESPONSIBLE". "GULF HAS CAST A SHADOW OVER THE BOLIVIAN NATION AND, BY IMPLICATION, THE GOVERNMENT," CAPRILES ASSERTED, "AND AFTER THREE WEEKS THE COMPANY STILL REFUSES TO GIVE US THE FULL FACTS". CAPRILES ASSERTED THAT THE ONLY LOGICAL CONCLUSION WAS THAT GULF WAS NOW TRYING TO COVER UP ITS WRONG-DOING AND PROTECT ITS OWN INTERESTS LEAVING THE

BANZER GOVERNMENT, WHICH IS COMPLETELY FREE OF ANY INVOLVEMENT IN THE PAYMENTS, TO PAY THE CONSEQUENCES.

5. CAPRILES ASKED IF THE CD COULD ASSURE HIM THAT THE DEPARTMENT HAD SPOKEN WITH GULF REPRESENTATIVES TO URGE THEM TO MAKE THE FULL FACTS IN THIS CASE AVAILABLE TO THE GOB AS SOON AS POSSIBLE. CD SAID THAT WAS THE CASE. CAPRILES THEN ASKED IF THE USG HAD ANY OF THESE FACTS IN ITS POSSESSION. CD ASSURED CAPRILES THAT NEITHER THE DEPARTMENT OF STATE NOR ANY OTHER AGENCY OF THE U.S. GOVERNMENT HAD ANY ADDITIONAL DETAILS BEYOND THOSE MADE PUBLIC BY GULF. CAPRILES REQUESTED THAT THE DEPARTMENT CONTINUE TO IMPRESS UPON GULF THE URGENCY OF THE SITUATION AND THE ABSOLUTE NEED OF THE GOB TO HAVE THE FULL FACTS IMMEDIATELY IF A POLITICAL CRISIS WERE TO BE AVOIDED IN BOLIVIA. CAPRILES ALSO INQUIRED WHAT THE DEPARTMENT'S REACTION WOULD BE TO THE TRANSMISSION OF A COURT ORDER FROM BOLIVIA TO AN APPROPRIATE U.S. COURT THROUGH DIPLOMATIC CHANNELS WHICH WOULD REQUIRE GULF TO RESPOND. CD SAID HE WOULD CONSULT THE LEGAL ADVISER'S OFFICE AND INFORM CAPRILES.

6. CD ASSURED CAPRILES THAT THE DEPARTMENT EARNESTLY HOPED A PROMPT AND FORTHCOMING RESPONSE FROM GULF WOULD BE MADE AND NOTED THAT THE COMPANY HAD INFORMED THE DEPARTMENT THAT IT WAS DOING EVERYTHING POSSIBLE TO OBTAIN THE DESIRED FACTS. CAPRILES THANKED THE CD FOR THE DEPARTMENT'S EFFORTS AND URGED HIM TO MAKE KNOWN WITHIN THE USG THE SERIOUSNESS OF THE SITUATION IN BOLIVIA. INGERSOLL

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**To:** LA PAZ  
**Type:** TE  
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